

## Article - Insurance

[Previous][Next]

§9-224.

- (a) In this section, “association” means:
  - (1) the Property and Casualty Insurance Guaranty Corporation;
  - (2) the Life and Health Insurance Guaranty Corporation; or
  - (3) a similar organization in another state.
  
- (b) Within 120 days after a court of the State makes a final determination that an insurer is an impaired insurer, the Commissioner as receiver shall apply to the court for approval of a proposal to disperse to the association entitled to disbursements unsecured assets out of the marshalled assets of the impaired insurer as those assets become available.
  
- (c) The proposal for disbursement at a minimum shall provide for:
  - (1) adequate cash reserves for payment of expenses of administration and priority claims;
  - (2) disbursements of the assets marshalled to date and subsequent disbursements of assets as they become available;
  - (3) equitable allocation of disbursements to each of the associations that is entitled to disbursements; and
  - (4) the securing by the Commissioner from each association entitled to disbursements under this section an agreement to return to the Commissioner any assets previously disbursed that may be required to pay:
    - (i) claims of secured creditors; and
    - (ii) claims that fall within the priorities specified in § 9-227(b) of this subtitle in accordance with those priorities.
  
- (d) An association may not be required to obtain a bond.
  
- (e) The proposal for disbursement shall require that disbursement be made to the association:
  - (1) in an amount at least equal to the payments made or to be made by the association for which the association could assert claims against the Commissioner; and

(2) in the amount of available assets, if the assets available for disbursement do not equal or exceed the amount of the payments made or to be made by the association.

(f) (1) Notice of the application for approval of the proposal for disbursement shall be given to the associations and insurance commissioners of each state.

(2) Notice is deemed to have been given if sent by certified mail at least 30 days before submission of the application to the court.

(3) The court may approve the proposal if:

(i) the required notice has been given under this subsection; and

(ii) the proposal complies with subsection (c)(1) and (4) of this section.

[Previous][Next]